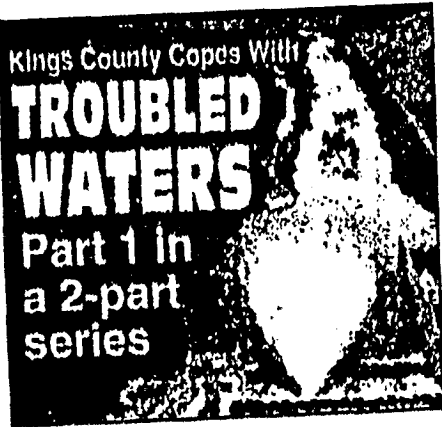


Wet year weighs on Corcoran



EDITOR'S NOTE: This two-part series focuses on the wet weather caused by El Nino and its effects on Kings County, which has been hit particularly hard. Today's story looks at Corcoran, which appears to be at ground zero in terms of the economic impact. Saturday's article covers the water itself — where it is going and the massive effort to control it.

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Sentinel Staff Writer

CORCORAN — Ruben Quintanilla notices the dwindling number of customers coming into his store. He watches as his sales plummet by 30 percent, wonders if he'll have to lay off his two full-time workers and hopes he won't have to close the doors of Ruben's Auto Parts for good.

For the next critical month, Quintanilla will keep his fingers crossed.

"People don't understand how essential farming is to this community," said a worried Quintanilla as he stood outside his Dairy Avenue business Thursday afternoon.

With the tight link to farming in this agricultural town, the impact of this season's torrential El Nino rains is rippling through the City of Corcoran.

"As it evolved and the weather continued, we realized it was not going to be a good year for our farming industry," City Manager Don Pauley told the Corcoran City Council at its June 15 meeting.

Corcoran had to tear apart its proposed 1998-99 budget and begin anew to account for the large drop in sales tax revenues connected to flooding of cropland around the city.

Pauley warned Council members that the City of Corcoran will lose at least \$240,000 in sales tax revenues. Those monies go to the City's general fund, from which the city's administration, the police department, parks and recreation, planning and building, and public works receive their funding.

"We anticipate a shortfall of \$240,000 from sales tax revenues directly attributable to the flooding and the other problems our farming is facing this year," Pauley said earlier this week.

That number could go as high as \$600,000, depending on what Pauley labeled the "three ifs":

- If farmers don't get enough heat days for proper crop growth;
- If the snow in the Sierra melts too quickly and floods more land;
- If pest infestation destroys crops or keeps farmers from planting.

Earlier this week, Pauley's figure for lost sales tax revenue decreased because of the warmer, drier weather.

"If you ask me today where do I think this thing could go, I would say 400 (thousand dollars) and it could go

down," Pauley said this week. "The weather's getting perfect, the farmers love it, so at this point, that 'if' is no longer an issue."

Releases prompted by El Nino flooding has inundated 31,500 acres of cropland in the Tulare Lake Basin, according to statistics from the California County Agricultural Commissioner Disaster Report, and damaged all of the more than 157,000 acres of cotton planted in the county, most of which is grown near Corcoran. In addition, a shortened growing season has hampered area farms.

Less work on those farms means fewer workers are needed, interpreted as layoffs in a community with already high unemployment. Residents with little cash hold off on major purchases, reduce buying non-essential items and eat out less often. In a continuing spiral, the result can have a devastating impact on the economy, with more jobs lost and

possible business closures looming on the horizon in the City of Corcoran.

"They have local businesses there that depend on ag for sales of parts, equipment, oil," said Tim Niswander, Deputy Kings County Agricultural Commissioner. "Everything's connected."

Niswander explained that agriculture's impact on other aspects of a community can be far-reaching.

"There's kind of a spin-off that's being used universally," he said. "For every dollar produced in ag, there's three dollars to 3/1-2 dollars in the economy."

Countywide, the agricultural damage is estimated at some \$82 million.

Merchants said the financial backlash in the Corcoran has created a dismal outlook.

"They're not buying anything they don't need. My largest customer usually plants somewhere over 100,000 acres and this year they only planted 30,000," said Quintanilla, who is also Corcoran's

vice mayor. "We don't have a devastating flood coming through our community, but when you lose a job, you still lose your house."

"A lot of businesses have gone down in this town for the simple reason everybody is being laid off," said Cliff Hill, who owns The Club on Whitley Avenue. Hill estimates his bar's business has dropped by 20 to 25 percent. He has shortened his hours and may be forced to let go of employees if the decline continues.

"They're (customers) just not coming around," he said Thursday afternoon as he sat on a bar stool at The Club. "They don't have the money to spend. They can't shop if they don't have money — that's what it comes down to."

Richard's Chevrolet Sales Manager Randy Davis said the car business has not been affected by the financial crunch

See TROUBLED; Page 5

Troubled

Continued from Page 1

on Corcoran — yet.

"I'm sure it's going to hit us soon. I've heard our restaurants and places like that are really being hit. With the purchase of vehicles and stuff like that, we really haven't been hit. I think we probably are going to start feeling it six months from now," Davis said. "The thing that will hurt us is some of the farmers that might have purchased trucks, this year or next year will hold off."

One possible way to ease the hardship goes back to where the spiral began — at the farm.

Niswander said, "A lot of these growers are going to alternate crops ... to earn a living, so the impact on the economy and the county may not be as devastated."

Even Corcoran schools are feeling the crunch.

Enrollment in the Corcoran Unified School District was down 60 children last year and District officials anticipate at least that many this year. Greg Lundeen, director of administrative services, attributed the loss to the lay-offs in the farming sector due to flooding. The District cut a total of 16 jobs — and \$500,000 — from its 1998-99 budget by not re-filling those positions.

Pauley's strategy for paring the City of Corcoran's budget came with the vow to avoid lay-offs by accounting for "natural" delays in filling vacancies, no pay increases for city staff, postponing some improvement projects and increasing Vehicle License Fees (VLFs).

"We will do everything within our power to not lay off people and

keep services. But if somebody came to me tomorrow and said you have to lay off people, I don't even know where I'd begin," he said.

But the city may not be able to count on monies from VLFs. The fees pose another financial catastrophe with battles in the state Legislature to eliminate the fees, which fuel much of the general funds of California cities.

All work on the 1998-99 budget "may be for naught," Pauley said, if the VLFs are done away with.

"If those get yanked by the state Legislature, it's going to be difficult to run this city," said Pauley, who added that VLFs for Corcoran exceed \$800,000, or one-third of the City's general fund budget.

"I'm not going to panic and start saying I'm going to cut, I'm going to cut. Because quite frankly, I don't know if I'll have to cut," he said. "I'll wait and see."

Pauley said that in the City's initial 1998-99 budget, department heads' proposals overspent anticipated revenues by \$300,000, which had to be added to the estimated \$240,000 in lost sales tax monies. City officials managed to whittle that \$540,000 down to \$100,000 with cuts. The remaining \$100,000 was covered by a \$300,000 carryover from fiscal year 1997-98, Pauley said, leaving \$200,000 for reserves to be used if further financial problems arise.

Pauley said the \$240,000 figure is an "educated guess," using sales revenues for the last El Nino year of 1983 as an historical reference point.

He said, "I was able to look at —

what did that do to the revenue those years?"

In 1983, sales tax revenues went down 28.5 percent to \$467,000 from \$600,000 two years earlier. Fifteen years later, the 1998-99 budget allocates more than \$600,000 sales tax, down from estimated \$800,000 this fiscal year ending June 30. Twenty-four percent of the proposed \$2.8 million general fund comes from sales tax in the recommended 1998-99 budget, with 59 percent of general fund expenditures going to

public safety — the police department.

At the June 15 Council meeting, Pauley advised the Council to adopt the budget as proposed but review it each quarter for possible revisions.

"Council will sit down with staff each quarter to see if it's going to get any better or if it's going to get any worse," he said.

Pauley said that in mid-October he will print out the revenues and expenses, for July, August and September to see where the City stands

financially.

The Council will discuss the proposed 1998-99 budget at its July 6 meeting and Pauley hopes to have it adopted by the second meeting in July.

Back at The Club, long-time Corcoran resident Hill took a philosophical approach to the economic difficulties.

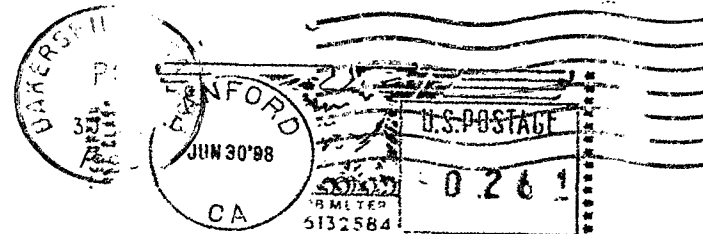
"It's just a jolt that this town's gonna take when it floods," he said with a slight shrug. "It's just one of those things."

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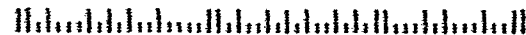
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